

AMERICANS FOR PROSPERITY

1726 M Street NW, 10th Floor • Washington, DC 20036 • 202-349-5880

February 13, 2007

The Honorable Kevin Martin, Chairman
The Honorable Michael Copps
The Honorable Jonathan Adelstein
The Honorable Deborah Taylor Tate
The Honorable Robert McDowell

Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Dear Commissioners:

Americans for Prosperity is a national grassroots organization that was formed to give ordinary taxpayers and consumers a voice in important policy battles that often take place exclusively between special interests. We believe an important consumer interest is at risk with respect to the so-called integration ban rule.

We would like to reiterate our opposition to the rule and our support for waivers. We specifically urge you to overturn the Media Bureau's denial of Comcast's waiver application.

The integration ban rule requires certain video providers to implement costly security card technology in their leased set-top boxes. This is an egregious example of overregulation that will impose real, immediate costs on consumers.

This unnecessary regulation will result in a \$2 per month increased fee for affected video service subscribers, imposed by government fiat. The subscribers receive no benefit from this expense and, furthermore, new, consumer driven technology improvements will likely render security cards obsolete in the near future.

The security card technology would provide no additional benefit or services for consumers who lease their set-top boxes from their providers since those boxes are returned to the provider when the consumer moves – defeating the purpose of using security cards in equipment. In sum, the FCC integration ban amounts to an unnecessary set-top box charge on video-service subscribers. We strongly oppose that requirement.

AMERICANS FOR PROSPERITY

1726 M Street NW, 10th Floor • Washington, DC 20036 • 202-349-5880

Moreover, it is widely anticipated that the existing security card technology will soon be replaced by a less expensive, more efficient and more consumer-friendly downloadable security technology. It only seems logical to wait for that technology to be available rather than enforce a regulatory regime on a soon-to-be obsolete technology that saddles consumers with additional and unnecessary costs.

We understand the FCC's theory that video provider use of security cards in their set-top boxes might spur the emergence of a retail market for set-top boxes or other video-service equipment which also have to use security cards. It is unlikely, however, that a competitive market for set-top boxes will develop when consumers can lease a box from their video provider at FCC-regulated prices and can return that box when it breaks or becomes outdated. Consumers are exceedingly unlikely to purchase a box for as much as a thousand dollars when a rental is available for less than 10 dollars a month.

On the other hand, the market for more expensive cable ready television sets is growing and we understand that about 200,000 security cards have been made available to consumers who use those devices and the number is growing daily. Video providers are already required by FCC rules to make sure those cards work in cable ready equipment consumers buy at retail stores.

Granting waivers and deferrals in these matters would be a welcome signal that the Commission is adopting forward-looking strategies which promote technological innovation rather than the backward-looking regulations that serve neither producers nor consumers.

We strongly urge the Commission to grant any and all waivers requested by video service providers relating to the integration ban on set-top boxes, specifically including reversal of the Media Bureau's ruling on Comcast's waiver application, which affects millions of consumers.

Sincerely,



Tim Phillips
President